

The Payment Systems Regulator Ltd

Minutes

Meeting:	PSR Board	
Time & date of Meeting:	20 September 2019	
Venue:	12 Endeavour Square, London	
Present:	Charles Randell (Chair)	Noel Gordon
	Simon Ricketts	Amelia Fletcher
	Christopher Woolard	Andrew Bailey (from 1.30pm)
	Nick Stace	Chris Hemsley
In attendance:	Set out in Annex	

1 Apologies, quorum and declarations of interest

- 1.1 The meeting was noted to be quorate and proceeded to business.
- 1.2 No interests in the items to be discussed were declared.

2 Minutes of the meeting held on 18 July 2019

- 2.1 The minutes of the Board meeting held on 18 July were **approved**.

3 Matters Arising

- 3.1 The progress in respect of the matters arising from previous meetings was **noted**.

4 Committee reports: September AuditCo agenda

- 4.1 The Board noted the September Audit Committee agenda. They also noted discussions on compliance management for PSR and FCA staff.

5 EU Withdrawal – update on wider impact on the payments sector

- 5.1 The Board received the update and noted the PSR was continuing preparations for a no-deal scenario. The key risks had been identified and the PSR was working with other financial authorities and the industry to ensure robust contingency plans were in place.
- 5.2 The main outstanding risk was the potential for the Interchange Fee Regulation (IFR) cap to no longer apply to intra EEA-UK transactions. The PSR had received assurances in this regard. The PSR is considering options available to it in the future regulatory landscape and noted that the issue was continuing to develop. The Board requested an annual plan of IFR activity at the next Board meeting.
- 5.3 The Board also discussed the Temporary Permissions Regime (TPR) and how firms wanting to access the UK market would be impacted. The Board noted that there would likely be a reduction in firms applying for permissions, reflecting those firms who are actually operating in the market and those that no longer require permissions. The

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Board requested a further update from the FCA on the impact of Brexit on competition and how it would likely impact firms trying to access the UK market.

6 Managing Director's report

- 6.1 The Board received the Managing Director's report.
- 6.2 The Board noted the update on the PSR's work on access to cash, including the assurance process governing the data provided by LINK on ATM distribution and ongoing work to better understand the impact of Barclays potentially withdrawing access to its cash withdrawal services via the Post Office.
- 6.3 The Board noted the update on the New Payments Architecture and the outcomes of the programme review that Pay.UK commissioned. The Board requested a further update on the NPA as this continued to progress.
- 6.4 The Board discussed the update on Facebook and LIBRA, including how it would fit into the FCA and PSR's current regulatory remit.

7 PSR Panel Annual Risk Report

- 7.1 The Board discussed the Panel's risk report. They noted the most significant risk identified was the amount of change in the industry, including change programmes for systems and processes. The majority of the risks highlighted were broadly similar to those in the previous year's paper – the Board suggested the PSR may need to provide further clarity on the work it has done to resolve these issues.
- 7.2 The Board suggested the next PSR Panel risk paper be submitted to the Board earlier in the year.

8 Stakeholder Perceptions Research

- 8.1 The Board noted the outcomes of the Stakeholder Perceptions Research. The key findings were:
 - Stakeholders remained more positive than negative about the overall direction of the UK payments industry, but optimism had declined since 2018.
 - The context in which stakeholders were judging the PSR's reputation remained challenging, with a uniquely complex stakeholder portfolio. Stakeholders continue to recognise the difficult job of the PSR.
 - With an overall mean reputation score of 6.5 this year, the PSR had seen a small decrease in its reputation score of 6.8 last year. Britain Thinks flagged that this is more in line with where they would expect the PSR to be in its journey, and that the jump in rating in the previous year was quite exceptional due to the amount delivered in that year. Reasons given for a positive rating this year included agreement with the PSR's overarching objectives and its openness and consultative nature. Reasons to feel critical included a perceived lack of confidence, expertise and impact, and more limited engagement (particularly mentioned by those from smaller organisations).
- 8.2 The Board was positive about the results in what had been a challenging year, dealing with complex and significant issues.
- 8.3 The Board noted the recommendations stemming from the report. The PSR was already exploring ways to improve stakeholder engagement, particularly with end users, including hosting workshops and improving ways the PSR explained what it was doing and what its role was on more collaborative projects.

9 Review of the 2015 Directions

- 9.1 The Board reviewed the proposed Directions and noted the PSR's published policy statement and consultation on the draft text. Following approval of the proposed Directions, the PSR would issue a response to the consultation.
- 9.2 The Board discussed possible routes in instances of non-compliance with the Directions and noted that the PSR would continue to monitor firms and any action taken would be on a case specific basis.
- 9.3 The Board **approved** the following decisions:
- a) to approve the wording of the new Directions as outlined in the paper;
 - b) to agree to give the new Directions; and
 - c) to delegate authority to Chris Hemsley to sign off the final consultation response document.
- 9.4 The Board noted that in approving the wording of the new Directions, it was also approving by proxy, the transitional arrangements and to revoke the previous Directions.

10 Long term access to cash – update and policy framework discussion

- 10.1 The Board received the update on developments in the PSR's access to cash work, including the access to cash commitments from industry, the Post Office banking framework discussions, and the JACS Group work.
- 10.2 The Board discussed the proposed policy framework for addressing the issue of who needed access to cash, and the proposed policy directions for addressing issues with access in both the short term and long term. They agreed that a form of community engagement process, especially for more deprived and rural locations, was a positive initiative to explore further, supported by close continued working with LINK and UK Finance to monitor ATM and other cash access distribution and maintain consumer choice on how to make payments. The Board discussed the importance of monitoring consumer outcomes over time and to explore this further.
- 10.3 The Board discussed different policy approaches for addressing access issues in the long term. The Board asked the project team to develop these options further and come back. The Board recognised the need to keep pace with consumer demand and not to fossilise the existing network beyond its need, but to ensure a dynamic network of payment options that met current and future needs.

11 PSR Annual Plan 2020-2021

- 11.1 The Board postponed the discussion on the PSR Annual Plan and agreed to schedule a further session in the coming weeks.

12 Update on Pay.UK/New Payments Architecture (NPA)

- 12.1 The Board noted the update on Pay.UK's progress in developing and competitively procuring the central infrastructure services for the NPA.
- 12.2 The Board discussed the work to develop success criteria and coordinated assurance architecture for the NPA programme. The Bank of England confirmed its alignment with the PSR's strategy and the ultimate goal of delivering the NPA.
- 12.3 The Board also noted the update on Pay.UK's progress in developing and delivering the NPA. They noted the outcomes of the Berkeley Report and Pay.UK's approach to

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implementing the recommendations. The Board noted the importance of Pay.UK ensuring it had the right capabilities, expertise and skills in place at the most senior level to effectively deliver the programme. The PSR would continue to closely monitor progress and provide regular updates to the Board.

13 Items for noting

13.1 The following papers were **noted**:

- a) ExCo Minutes
- b) Draft Agenda for 15 November
- c) 2019/20 meeting dates
- d) forward agenda

14 Any other business

14.1 With no further items of business to discuss the meeting closed.

Charles Randell
Chair

Annex A: Attendees

Attending all, or substantially all, of the meeting:

Louise Buckley	Chief Operating Officer
Carole Begent	General Counsel & Head of Regulatory & Competition Enforcement
Simon Pearce	Company Secretary
Kim Turner	Executive Assistant to the Managing Director
Allyson Milano	Assistant Company Secretary (Interim)

Attending for the following items:

5	Mohammad Zayyad	Associate, Policy
	John Mowat	Manager, Policy
7	Toby Parker	Manager, Communications
	Cordelia Hay	Britain Thinks
9	Ben Woodside	Manager, Policy
10	Matthew Cherry	Manager, Policy
	Maha El Dimachki	FCA Head of Department, Retail Banking Payments
12	Gala Poole	Manager, Policy
	Justin Jacobs	Bank of England
	Christina Segal-Knowles	Bank of England